

FORM ADV PART 2A

M3F, INC.

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This brochure provides information about the qualifications and business practices of M3F, Inc. (“M3F”). If you have any questions about the contents of this brochure, please contact us at 202-246-9200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Additional information about M3F also is available on the SEC’s website at
www.adviserinfo.sec.gov.

March 27, 2012

Material Changes. Since M3F filed its most recent annual amendment to Form ADV Part 2A on March 24, 2011, M3F changed its address to 10 Exchange Place, Suite 510, Salt Lake City, Utah, 84111.

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Advisory Business

General Information

M3F, Inc., a Utah corporation, was organized in July 2009 and provides asset management services on a discretionary basis.

Privately Offered Investment Fund

M3F currently provides discretionary investment advisory services to one client, M3 Partners, LP (the “Fund”). M3 Funds, LLC (the “General Partner”), a Delaware limited liability company, is the general partner of the Fund. M3F or the General Partner may structure additional funds and provide investment advisory services to them at any time.

Individualized Account Advisory Services

M3F may also provide investment advisory services to separately managed accounts tailored to the needs of an individual client (“Individualized Account Advisory Services”). Individualized Account Advisory Services may be similar to investment advisory services provided to the Fund.

Discretionary Services

All of M3F’s investment advisory services are provided on a discretionary basis. As of February 29, 2012, M3F had approximately \$179,508,519 in assets under management.

Principal Owners

Jason A. Stock and William C. Waller are the principal owners of M3F.

Fees and Compensation.

General Fee Information

Pursuant to the investment management agreement with each client, the client will pay M3F a quarterly management fee based on the net asset value of the assets under M3F’s management (the “Management Fee”). In addition to the Management Fee, the client is responsible for brokerage commissions and custodial fees paid to third parties.

Generally, either M3F or a client may terminate an investment management agreement on 30 days’ prior notice. In the event of termination, fees will be prorated. Any paid but unearned fees will be promptly refunded to the client, and any fees due to M3F from the client will be invoiced or deducted from the client’s account prior to termination. Pursuant to the terms of each client’s investment management agreement, fees are deducted from the client’s account. Additional information related to brokerage is set forth below under “*Brokerage Practices*”.

Fees Charged to the Fund

M3F charges the Fund a Management Fee in an amount equal to 1.50% of assets under management, which is paid quarterly in advance and deducted from the Fund. The Fund is also responsible for certain of its operating expenses including, without limitation, bank service fees, taxes and extraordinary expenses, including without limitation, non-ordinary legal expenses, as outlined in its offering memorandum. The General Partner may also receive a performance allocation from the Fund, as described below under “*Performance-Based Fees and Side-By-Side Management*”.

Individualized Account Advisory Service Fees

As stated above, M3F may offer Individualized Account Advisory Services to managed accounts. Fee schedules for Individualized Account Advisory Services will be negotiated.

Performance-Based Fees and Side-By-Side Management

The General Partner, an affiliate of M3F, may receive a performance allocation equal to 15% of the net profits earned by each investor in the Fund. The performance allocation is generally payable on an annual basis. This arrangement may act as an incentive for M3F to make investments that are riskier or more speculative than would be the case in the absence of a performance allocation. This risk is mitigated by the fact that M3F seeks to maximize the performance of the Fund over time. In addition, the Fund is also subject to a loss carry forward provision (often referred to as a “high water mark”). This means that if the Fund declines in value and subsequently regains that loss, the General Partner will not assess a performance allocation on the recovery of value.

Types of Clients

The Fund

As indicated above, M3F provides investment advisory services to the Fund. The investors in the Fund are generally “qualified purchasers” (as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended), which may include high net worth individuals, trusts, endowments, foundations, funds of funds or pension plans. The minimum investment size in the Fund is \$1 million and the minimum for subsequent subscriptions is \$500,000, although these minimums may be waived at the discretion of M3F.

Individualized Account Services

M3F may provide individualized account services to individuals, pension and profit-sharing plans, corporations, trusts, estates and charitable organizations. While M3F may make exceptions, the minimum portfolio value eligible for services is generally \$10,000,000.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

M3F attempts to achieve the Fund's investment objective by making both long and short investments, primarily in common stocks of companies in the financial services industry. M3F believes that by focusing exclusively on these companies, many attractive investment opportunities exist that are either under-followed or misunderstood by the institutional investment community. M3F employs a value-oriented approach, focusing on in-depth "Fundamental Analysis" to identify and evaluate attractive investment opportunities. For example, in assessing current and potential investments, M3F may, without limitation:

- Analyze interest rates and other key economic data points on a global, national, regional and local level;
- Monitor credit trends, which may include debt levels, availability of credit, and credit quality;
- Evaluate demographic trends and real estate values;
- Utilize regulatory data and financial databases to produce screens and lists;
- Attend industry conferences and communicate with key industry contacts;
- Travel to local markets to assess economic conditions, meet with bank management teams and collaborate with businesses that serve the community;
- Read industry publications; or
- Assess merger and acquisition activity to understand demand for various banking markets across the United States.

M3F also evaluates current and potential investments by attempting to understand several facets of the individual companies' businesses, generally including:

- balance sheets and income statements;
- geographic trends;
- management's strategic vision;
- liquidity dynamics;
- credit risk; and
- any other factors determined by M3F to be relevant.

M3F may also give investment advice regarding securities lending, whereby client accounts may lend portfolio securities to brokers, dealers and financial institutions in exchange for a security interest in interest-bearing cash collateral accounts.

Risk of Loss

While M3F seeks to diversify investment portfolios by investing in multiple companies, all investment portfolios are subject to risks. Accordingly, there can be no assurance that a client investment portfolio will be able to fully meet its investment objectives and goals, or that investments will not lose money. Below is a description of several of the principal risks that a client investment portfolio faces.

Investments in Financial and Banking Sectors. The financial and banking sectors in which client portfolios invest, like the national economy as a whole, tend to be cyclical and may decline from time to time or at any time.

Management Style Risks. While M3F manages client investment portfolios based on M3F's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying stocks and other securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that M3F's investment style is out of favor in the market.

Market Risks. M3F will invest client portfolios into equity securities, such as common stocks, preferred stocks and short positions on stocks. Investments in stocks and other equity securities are subject to the risks of declines in these equity markets.

Investments in Small-Cap Companies. Client portfolios may be invested in securities of companies with small market capitalizations. While certain small-cap companies may offer greater potential for capital appreciation than larger companies, this potential for greater capital appreciation is accompanied by a greater risk of loss.

Undervalued Companies. M3F may invest client portfolios in companies that M3F considers to be "undervalued". The securities of an undervalued company may be depressed in value due to factors including, but not limited to, disappointments in recent earnings, diminished expectations regarding earnings, current or expected adverse economic or industry conditions, or a lack of sufficient investor interest. Investments in securities that M3F believes are undervalued are accompanied by a substantial risk of loss because M3F may be mistaken regarding whether particular securities purchased are undervalued when purchased, and prices for the purchased securities may fall, resulting in material losses for client portfolios on those investments.

Special Situations. Client portfolios may be invested in a company that M3F believes will appreciate in value within a reasonable period of time (regardless of general economic conditions or movements of the market as a whole) because of a development particularly or uniquely applicable to that company. There is substantial risk of loss that the securities of that company may not achieve the anticipated or desired price levels, or may fall significantly below the purchase price.

Economic Conditions. Changes in economic conditions, including, for example, interest rates, inflation rates, employment conditions, competition, technological developments, political and diplomatic events and trends, and tax laws may adversely affect the business prospects or perceived prospects of companies. While M3F performs due diligence on the companies in which it invests, economic conditions are not within the control of M3F and no assurances can be given that M3F will anticipate adverse developments.

Hedging and Arbitrage. While engaging in hedging and arbitrage transactions may be used for risk management purposes, unanticipated changes in securities prices; unanticipated economic, market or corporate events; or unanticipated changes in interest rates or other market factors may result in a poorer overall performance than if hedging or arbitrage investments were not made. In the event of an imperfect correlation between a position in a hedging investment and a portfolio position that it is intended to protect, or unexpected price changes in arbitrage positions, the desired protection may not be obtained, increasing exposure to risk of loss.

Lack of Diversification. M3F client portfolios may not have a diversified portfolio of investments at any given time. While investing large amounts of assets in a very small number of companies or industries or types of investments from time to time will be easier for M3F to monitor the investment portfolios, a substantial loss with respect to any particular investment in an undiversified portfolio will have a substantial negative impact on the aggregate value of the portfolio.

Securities Lending. Client accounts that lend securities are subject to a risk of loss with respect to the collateral received in a securities lending arrangement and a risk of liability for payments to borrowers for interest or return of collateral.

Disciplinary Information

M3F has no disciplinary events to disclose.

Other Financial Industry Activities and Affiliations

The principals of M3F are also the principals of M3 Funds, LLC, which is the General Partner of the Fund. See *Performance-Based Fees and Side-By-Side Management* above.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics. Under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), M3F and its principals and employees (“Supervised Persons”) owe fiduciary duties to each client. Consistent with these duties, M3F has adopted a Code of Ethics (“Code”) that, among other things, requires that its Supervised Persons reflect the professional standards expected of investment advisers and comply with federal and state securities laws and regulations pertaining

to M3F. Under the Code, Supervised Persons should place the interests of clients first, ahead of their own personal interests, and generally seek to treat clients fairly. In addition, Supervised Persons are prohibited from engaging in any practice that defrauds or misleads any client or investor, or engaging in any manipulative or deceitful practice with respect to clients, investors or securities.

The Code also includes provisions addressing personal trading by Supervised Persons, as summarized below:

Personal Trading. Under the Code, Supervised Persons are generally required to submit information about their personal trading activities to M3F's chief compliance officer ("CCO") or the CCO's designee for review. In addition, Supervised Persons are generally required to notify the CCO and obtain advance approval of certain personal trades in securities that may be traded by M3F for client accounts. Violations of the Code may result in disciplinary action up to and including dismissal.

Participation or Interest in Client Transactions. Under the Code, Supervised Persons are prohibited from trading in securities on the basis of material, non-public information or communicate material, non-public information about the issuer of any security to any other person.

M3F will provide a copy of the Code to any client or prospective client upon request.

Brokerage Practices

Best Execution and Benefits of Brokerage Selection

In making brokerage determinations, M3F seeks "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. In making these determinations, M3F considers a number of judgmental factors, including, without limitation, clearance and settlement capabilities; quality of confirmations and account statements; the ability of the broker to settle the trade promptly and accurately; the financial standing, reputation and integrity of the broker-dealer, the broker-dealer's access to markets, research capabilities, market knowledge, any "value added" characteristics and M3F's past experience with the broker-dealer; M3F's past experience with similar trades; and other factors. Recognizing the value of these factors, M3F may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction. Therefore, M3F may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services or quality of execution.

Soft Dollars

M3F does not engage in soft dollar transactions.

Aggregated Trade Policy

In the event M3F provides investment advice for more than one client, M3F will aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients, and is consistent with the terms of M3F's investment advisory agreement with each client for which trades are being aggregated.

Review of Accounts

Mr. Stock and Mr. Waller, M3F's managing directors, review client accounts not less than quarterly. These reviews focus on appropriateness of the client's investments for the client's portfolio and the performance of the client's account.

M3F does not provide written reports to the Fund. However, on a monthly basis, the Fund's administrator, J D Clark & Company, provides account statements to investors in the Fund. In addition, M3F communicates with Fund investors on a monthly basis, discussing the performance of the Fund and current trends in the markets in which the Fund is invested.

Client Referrals and Other Compensation

M3F may engage solicitors who refer clients to M3F consistent with the requirements of Rule 206-4(3) under the Advisers Act.

Custody

BNP Paribas Prime Brokerage, Inc., Fidelity Prime Services and Fidelity Brokerage Services LLC are custodians of all client accounts at M3F. Each client's custodian is responsible for providing the client with confirmations of trading activity, tax forms and at least quarterly account statements. Each client is advised to review this information carefully, and to notify M3F of any questions or concerns. Each client should also promptly notify M3F if a custodian fails to provide a quarterly statement for such client's account.

Investment Discretion

M3F has discretion to determine the investments to be bought or sold and the amounts to invest for the Fund, pursuant to the investment management agreement between the Fund and M3F.

Voting Client Securities

As a policy, and in accordance with M3F's investment management agreement, M3F votes proxies related to securities held in client accounts in a manner that serves the client's best interests. In voting securities held in a client account, M3F will attempt to resolve any conflict of interest between the client and M3F's business interests in the way that will most benefit the

client. M3F maintains a detailed Proxy Voting Policy and a record of how M3F has voted proxies, each of which is available to any client upon request.

Financial Information

M3F does not require or solicit prepayment of fees six months or more in advance, and M3F currently does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to any client.